

**REMARKS:**

Claims 1-19 are pending in the present. Claims 1-15 stand rejected under 35 U.S.C. § 101. Claims 1-19 stand rejected under 35 U.S.C. § 102 over U.S. Patent No. 5,377,095 to Maeda et al. ("Maeda").

In addition to the claim amendments discussed below, claim 16 has been amended to improve the grammar thereof.

**REJECTION UNDER 35 U.S.C. § 101:**

Claims 1-15 stand rejected under 35 U.S.C. § 101 as allegedly being directed to non-statutory subject matter.

Applicants have amended independent claims 1, 6, and 11 to clarify that the method is computer-implemented and that its steps are performed "using one or more processing units." Thus, it is respectfully submitted that independent claims 1, 6, and 11 and their respective dependent claims recite statutory subject matter in compliance with the requirements of 35 U.S.C. § 101.

For at least these reasons, Applicant submits that claims 1-15 are directed to statutory subject matter. The Applicant further submits that claims 1-15 are in condition for allowance. Therefore, the Applicant respectfully requests that the rejection of claims 1-15 under 35 U.S.C. § 101 be reconsidered and that claims 1-15 be allowed.

**REJECTION UNDER 35 U.S.C. § 102:**

Claims 1-19 stand rejected under 35 U.S.C. § 102 over Maeda. However, because Maeda fails to disclose all of the limitations of claims 1-19, Maeda cannot anticipate claims 1-19.

With respect to claim 1 (as well as claims 2-5, which depend from claim 1), this claim recites:

A computer-implemented method of valuing products, the method being performed using one or more processing units, the method comprising:

using one or more processing units, assigning a price to each of a plurality of products, **each product comprising a plurality of product components;**

using one or more processing units, assigning a demand probability value to each product;

using one or more processing units, **calculating a component value for each component** by performing the following steps:

(a) assuming a beginning value for each component;

(b) for a first component, calculating prorated values, such that for each product using that component, **a prorated value is calculated on that component by calculating the difference between the product price and a value of the product's other components;**

(c) calculating a component value as a function of the prorated values and the probability values;

(d) repeating steps (b) and (c) for all other components;

(e) determining whether the component values converge; and

(f) if any component value does not converge, using the calculated component value as the beginning component value and repeating steps (b) through (e) for that component; and

using one or more processing units, calculating a value for each product, based on the results of the preceding step, by summing the component values of all components of that product.

(Emphasis added) Thus, claim 1 is directed towards a computer-implemented method of valuing products that include a plurality of components. The method includes calculating a component value for each component. Calculation of the component values includes calculating prorated values for each component by calculating a difference between the product price and a value of the product's other components. However, these limitations are not disclosed by Maeda.

Maeda is directed towards a system for predicting the sale of an item for varying prices, including in at least one embodiment generating a proposed optimum price. For example, the fifth embodiment discussed from col. 11, line 56 to col. 12, line 55 with reference to Figs. 29 to 32 includes a process for calculating a price at which profits are

most likely to be maximized. The process is summarized in the flowchart shown in Fig. 29, with step 4004 being detailed in Fig. 30. The steps outlined in Fig. 29 basically involve retrieving registered data for a sale item, calculating some coefficients for a number of different functions using the retrieved data, selecting an optimum function based on the calculated coefficients, and then determining a price at which profits are maximized using the selected function. The price is determined according to the steps outlined in Fig. 30. The registered data mentioned above includes upper and lower price limits. The process shown in Fig. 30 starts with the price defined by the lower price limit, and then cycles through the price range defined by the upper and lower price limits at some predetermined interval (e.g., every \$0.10). Sales and profits are predicted for each interval price in the price range, storing each profit in a table. Once the process has cycled through all of the interval prices, the price associated with the maximum profit is selected and output in a format as shown in Fig. 32.

In contrast, the invention recited in claim 1 cycles through components of a product. For example, for each component of a product having a plurality of components, a beginning value is assumed, a prorated value is calculated (which includes calculating a difference between the product price and a value of the product's other components), and a component value is calculated. Maeda fails to disclose or even suggest these limitations. Therefore, Maeda cannot anticipate claim 1, or claims 2-5 which depend from claim 1.

With respect to claim 6 (as well as claims 7-10, which depend from claim 6), this claim recites:

A computer-implemented method of pricing an order for a product based on varying lead times during a specified time period, the method being performed using one or more processing units, the method comprising:

using one or more processing units, calculating a set of values for a product over a range of available supplies of the product;

using one or more processing units, **determining a size Q of the order;**

using one or more processing units, **selecting a set of order points during a time horizon, each order point having a lead time LT to the next order point;**

for a first order point, **calculating, using one or more processing units, an incremental production quantity as  $Q/LT$** , and calculating revenue displaced by the incremental production quantity using the product values;

**repeating the preceding step for each other order point;**  
calculating, using one or more processing units, an average displaced revenue; and

calculating, using one or more processing units, the price for the order, using the results of the preceding step.

(Emphasis added) Thus, claim 6 is directed towards a computer-implemented method of pricing an order that involves varying lead times. The method includes determining a size  $Q$  of the order, selecting a set of order points, each having a lead time  $LT$  to the next order point, then calculating an incremental production quantity  $Q/LT$  for each order point.

However, these limitations are not disclosed by Maeda. For example, the portion of Maeda (Fig. 34 and col. 13, line 48 to col. 14, line 22) cited in the Office Action in connection with claim 6 discloses a process for determining an optimum sales price. The process cycles through a series of discount amounts and predicts sales volume for the different discounts. The data is collected for the different discounts and based on that data an optimum discount is determined. There is no disclosure related to determining a size of an order, selecting order points each having a lead time to the next order point, and calculating an incremental production quantity for each order point using the size of the order and the lead time to the next order point. Maeda fails to disclose or even suggest these limitations. Therefore, Maeda cannot anticipate claim 6, or claims 7-10 which depend from claim 6.

With respect to claim 11 (as well as claims 12-15, which depend from claim 11), this claim recites:

A computer-implemented method of pricing make-to-order products, the method being performed using one or more processing units, the method comprising:

using one or more processing units, assigning a demand probability value to each of a plurality of products, each product having an associated delivery time and price;

using one or more processing units, **calculating an expected revenue from the products for at least two available capacities**, the

expected revenue being a function of the demand probability values and the prices; and

using one or more processing units, **calculating an asking price for each of the products as the difference between its expected revenue from successive available capacities.**

(Emphasis added) Thus, claim 11 is directed towards a computer-implemented method of pricing make-to-order products. The method includes calculating expected revenue from the products for at least two available capacities, and calculating an asking price as the difference between the expected revenue from successive available capacities.

However, these limitations are not disclosed by Maeda. For example, the portion of Maeda (Fig. 30 and col. 12, lines 20-50) cited in the Office Action in connection with claim 11 discloses a process for calculating a price at which profits are most likely to be maximized. The process is summarized above in connection with claim 1. However, this process does not include calculating expected revenue for at least two products, and then calculating an asking price as the difference between the expected revenue from successive available capacities. Maeda fails to disclose or even suggest these limitations. Therefore, Maeda cannot anticipate claim 11, or claims 12-15 which depend from claim 11.

With respect to claim 16 (as well as claims 17-19, which depend from claim 16), this claim recites limitations that are similar to those recited in claim 1. It is respectfully submitted that Maeda cannot anticipate claim 16 for at least the same reasons discussed above in connection with claim 1.

For the reasons set forth herein, the Applicant submits that claims 1-19 are not anticipated by Maeda. The Applicant further submits that claims 1-19 are in condition for allowance. Therefore, the Applicant respectfully requests that the rejection of claims 1-19 be reconsidered and withdrawn, and that claims 1-19 be allowed.

**The Legal Standard for Obviousness Rejections Under 35 U.S.C. § 102:**

The following sets forth the legal standards for "anticipation."

The events that can lead to anticipation can be divided into the following seven categories, all defined by statute:

1. Prior Knowledge: The invention was publicly known in the United States before the patentee invented it.
2. Prior Use: The invention was publicly used in the United States either (i) before the patentee invented it; or (ii) more than one year before he filed his patent application.
3. Prior Publication: The invention was described in a printed publication anywhere in the world either (i) before the patentee invented it; or (ii) more than one year before he filed his patent application.
4. Prior Patent: The invention was patented in another patent anywhere in the world either (i) before the patentee invented it; or (ii) more than one year before he filed his application.
5. On Sale: The invention was on sale in the United States more than one year before the patentee filed his application.
6. Prior Invention: The invention was invented by another person in the United States before the patentee invented it, and that other person did not abandon, suppress or conceal the invention.
7. Prior U.S. Patent: The invention was described in a patent granted on a patent application filed in the United States before the patentee made the invention.

Each of those seven events has its own particular requirements, but they all have the following requirements in common:

1. Anticipation must be shown by clear and convincing evidence.
2. If one prior art reference completely embodies the same process or product as any claim, the product or process of that claim is anticipated by the prior art, and that

claim is invalid. To decide whether anticipation exists, one must consider each of the elements recited in the claim and determine whether all of them are found in the particular item alleged to be anticipating prior art.

3. There is no anticipation unless every one of those elements is found in a *single* prior publication, prior public use, prior invention, prior patent, prior knowledge or prior sale. One may not combine two or more items of prior art to make out an anticipation. One should, however, take into consideration, not only what is expressly disclosed or embodied in the particular item of prior art, but also what inherently occurred in its practice.

4. There cannot be an accidental or unrecognized anticipation. A prior duplication of the claimed invention that was accidental, or unrecognized, unappreciated, and incidental to some other purpose is not an invalidating anticipation.

Those four requirements must be kept in mind and applied to each kind of anticipation in issue. The following additional requirements apply to some categories of anticipation.

1. Prior Knowledge: An invention is anticipated if it was known by others in the United States before it was invented by the patentee. "Known," in this context, means known to the public. Private knowledge, secret knowledge or knowledge confined to a small, limited group is not necessarily an invalidating anticipation. Things that were known to the public only outside the United States are not invalidating anticipation.

2. Prior Use: An invention is anticipated if it was used by others before it was invented by the patentee, or more than one year before the patentee filed his patent application. "Use," in this context, means a public use.

3. Prior Publication: A patent is invalid if the invention defined by the claims was described in a printed publication before it was invented by the patentee or more than one year prior to the filing date of his application. For a publication to constitute an anticipation of an invention, it must be capable, when taken in conjunction with the knowledge of people of ordinary skill in the art, of placing the invention in the possession

of the reader. The disclosure must be enabling and meaningful. In determining whether the disclosure is complete, enabling, and meaningful, one should take into account what would have been within the knowledge of a person of ordinary skill in the art at the time, and one may consider other publications that shed light on the knowledge such a person would have had.

4. Prior Patent: If the invention defined by the claims was patented in the United States or a foreign country, either before it was invented by the inventor or more than one year before the inventor filed his patent application, then the invention was anticipated. The effective date for this type of anticipation is the date on which two things co-existed: (i) the owner of the referenced patent had the right to enforce that patent; and (ii) the reference patent was available to the public. What was "patented" in the reference patent is determined by what is defined by its claims, interpreted in the light of the general description.

5. On Sale: A patent is invalid if the invention claimed in it was on sale in the United States more than one year prior to the application filing date.

6. Prior Invention: If the invention defined by the claims was invented by another person, in the United States, before it was invented by the inventor, and that other person did not abandon, suppress, or conceal the invention, the invention lacks novelty. A prior invention, even if put in physical form and shown to produce the desired result, is not an invalidating anticipation unless some steps were taken to make it public. However, it is not necessary that the inventor had knowledge of that prior invention.

7. Prior U.S. Application: A patent is invalid for lack of novelty if the invention defined by the claims was described in a United States patent issued on a patent application filed by another person before the invention was made by the inventor. The effective date of a prior application for purposes of this issue is the date on which it was filed in the United States. Foreign-filed patent applications do not apply. If the issued United States patent claims the benefit of more than one United States application, its effective date as an anticipation is the filing date of the first United States application that discloses the invention claimed in that referenced patent.



Experimental Use Exception: The law recognizes that it is beneficial to permit the inventor the time and opportunity to develop his invention. As such there is an "experimental use" exception to the "public use" and "on sale" rules. Even though the invention was publicly used or on sale, more than one year prior to the application filing date, that does not invalidate the patent, provided the principal purpose was experimentation rather than commercial benefit. If the primary purpose was experimental, it does not matter that the public used the invention or that the inventor incidentally derived profit from it.

When a public use or sale is shown, the burden is on the inventor to come forward with evidence to support the experimental use exception. Only experimentation by or under the control of the inventor qualifies for this exception. Experimentation by a third party, for its own purposes, does not qualify for this exception. Once the invention leaves the inventor's control, its use is a public one, even if further experimentation takes place.

The experimentation must relate to the claimed features of the invention. And it must be for the purpose of technological improvement, not commercial exploitation. If any commercial exploitation does occur, it must be merely incidental to the primary purpose of experimentation. A test done primarily for marketing, and only incidentally for technological improvement, is a public use.

**CONCLUSION:**

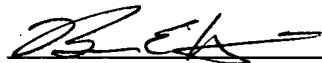
In view of the foregoing amendments and remarks, this application is considered to be in condition for allowance, and early reconsideration and a Notice of Allowance are earnestly solicited.

No fees are believed to be incurred by the filing of this Amendment. However, if a fee should be required, the Director is hereby to charge any such fee to Deposit Account No. **500777**. If an extension of time is required and there is no separate Petition for Extension of Time filed herewith, this document is to be construed as also constituting a Petition for Extension of Time Under 37 C.F.R. § 1.136(a) for a period of time sufficient to enable this document to be timely filed. Any fee required for such Petition for Extension of Time should be charged to Deposit Account No. **500777**.

**Please link this application to Customer No. 53184 so that its status may be checked via the PAIR System.**

Respectfully submitted,

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